Mexico’s President Knuckles Under to Trump, Woos Mexico’s Business Class

written by Dan La Botz | June 6, 2019

Mexico’s president Andrés Manuel López Obrador (AMLO), a left-of-center populist in office for only six months, finds himself under enormous pressure from the United States—and he is yielding. U.S. President Donald Trump has demanded that AMLO’s government do more to stop the flow of Central American migrants fleeing poverty and violence in their own countries and passing through Mexico and to seek asylum in the United States, threatening Mexico’s government with a tariff of 5 percent and possibly rising to 25 percent. Such a a tariff would be devastating to the Mexican economy, and, in fact, to the U.S. economy as well.

Trump’s threat of increased tariffs has led the Republican Party to take its strongest stand so far against the Republican president, while U.S. industrialists, especially auto industry CEOs, have also opposed the tariff. Yet Trump has refused to back down, no doubt seeing his battle with AMLO as a demonstration to the white working class part of his base of his commitment to protect American jobs from foreign workers. Vice-President Pence is now meeting with Marcelo Ebrard in an attempt to reach an agreement on Trump’s terms. Trump wants Mexico to hold asylum seekers in its territory while the U.S. processes their requests.

While AMLO speaks sympathetically about the Central Americans who “migrate because of necessity, because of hunger, poverty, and violence” and says his government will not use force, in fact the police and army have been mobilized along Mexico’s southern border and leading figures of the migration movement have been arrested. AMLO called at his June 6 press conference for all Mexican political leaders, government officials, church leaders, and business figures, and Mexican people in general to join him in Tijuana for a national unity rally for “Mexico’s dignity” on Saturday, June 8.

Populist Politics—Ambivalent Policies

Disgusted with the corruption of Mexico’s historic ruling party, the Institutional Revolutionary Party and of the conservative and pro-business National Action Party, a year ago the Mexican people voted for change. AMLO won the July 1, 2018 presidential election with 53 percent of the vote and carried 31 of 32 states. It was a landslide.

The party that he himself founded and led, the Movement for National Regeneration (MORENA), also won a majority in the Senate and a large plurality in the lower house, representing a complete break with Mexico’s recent political party history. Shortly after he took office, AMLO’s popularity reached an astounding 85 precent approval, and today he remains incredibly popular, with an 80 percent approval rating. He took office promising to restore democracy, to end corruption, and to improve the lives of the Mexican people, but does he really intend to do so? And will he be able to do

so?

Since taking office he has pursued policies that are at best ambivalent and at worst a capitulation to the powerful foreign and domestic banks and corporations that rule Mexico. And, his attempts to deal with the country's most important problems—the economy and criminal violence—have not proven successful, at least in his first six months in office. While his election has encouraged some progressive social struggles, for example among maquiladora workers and the union at the National Autonomous University of Mexico, there is not yet any major shift in social power toward the country's underdogs.

A Friend of the Banks—But a Stumbling Economy

As *The Wall Street Journal* recently wrote, "Mexico's Leftist President Emerges as Unlikely Friend to Big Banks." He meets regularly with the bankers and he calls for reductions in banking regulations, while working with the banks to reduce customers' fees. Many of Mexico's banks are foreign owned, among them U.S. banks such as Citigroup. In a recent speech to bankers, he said that the banks should regulate themselves just like the press regulates itself. Need I say that the bankers applauded?

While he AMLO has been favoring the banks, so far his friendship with the financiers has not resulted in any improvement in the Mexican economy. On the contrary, the most recent economic reports indicate that Mexico's economy grew by only 1.3 percent in the first quarter of this year, compared to 1.7 percent in the fourth quarter of last year. AMLO initially called for a growth rate of 4 percent, has now reduced his hopes to 2 percent, though most national and international financial institutions suggest that growth will be 1.6 percent.

AMLO is being friendly to finance, but the financiers don't necessarily return the favor. The credit rating agencies Fitch Ratings and Moody's both reduced ratings on Mexico's PEMEX oil company on June 5, Fitch from BBB+ down to BBB and Moody's changed its outlook from A3 to negative. They did so because they believe AMLO's government doesn't have the money to carry out his plan to overhaul the company, and the change in ratings means that Mexico will find it more expensive to borrow money.

And the Violence Continues—and Worsens

Since former Mexican President Felipe Calderón initiated Mexico's drug war in 2006, something like 200,000 Mexicans have been killed and tens of thousands more have disappeared, let's say a quarter of a million people, and nearly everyday someone stumbles on a previously undiscovered mass grave. Thousands of women have been killed, enough that the systematic and widespread murder of women has its own name, "femicide." Many Central American migrants have also been among the victims. AMLO recently said that the violence was under control and that homicides were down, but in fact some 33,000 were killed in 2018, and in the first three months of 2019 another 8,493 were murdered, a 9.6 percent increase.

AMLO's plan to deal with the violence is a new National Guard, approved by the Mexican Congress in May. The National Guard will initially have 50,000 members going up to 80,000 within a year or so, most of them recruited from the Federal police, the army, and the navy. They will have greater police powers and be heavily armed and may stay for longer.

Why this new police force—especially made up as it is of other armed forces—should be any different than other Mexican police forces is unclear. Since the drug war that began in 2006, according to Mexican international human rights organizations, the Mexican Army committed many human rights

violations, including extra-judicial killers. Mexican police forces are notorious for the routine torture of suspects, robbery, kidnapping, and murder.

AMLO's Government Uses Violence against Migrants

While AMLO was talking about Mexico's sympathy and solidarity with the migrants, his government was taking a harder line against undocumented migrants in Mexico, mobilizing both the police and the Army to stop the migrants at the Mexican border, and arresting migrant movement leaders. AMLO's government has tripled the arrest of migrants, deporting 15,654 in May, which will rise to an annual total of some 800,000 people.

On June 5, Central American migrants crossing the border were met by both police and soldiers who blocked their entry. And on June 6 the Mexican authorizes arrested two leading figures in the migrant caravan movement, Ireneo Mujica of Pueblos sin Fronteras and Cristobal Sanchez who was leading a migrant caravan.

AMLO's government's repressive policies toward the migrants are motivated by a desire to stop Trump's threats, and to do so, it appears that AMLO is prepared to do Trump's work. AMLO may have a sincere desire to carry out, from the top, progressive policies to benefit those at the bottom, but he believes he needs to buy time by placating Mexican and foreign bankers and the U.S. government. His strategy for reform is a problematic one that risks giving up his country's national sovereignty, which has never been very secure, and the humanitarian ideals he has expressed, even while failing to carry them out.